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C O N F I D E N T I A L SECTION 01 OF 02 DHAKA 000114

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TAGS: [PGOV](#) [PHUM](#) [KCOR](#) [KDEM](#) [BG](#)  
SUBJECT: WITH SHEIKH HASINA'S TRIAL SET TO START, KHALEDA  
ZIA'S LOOMS CLOSER

REF: A. 07 DHAKA 1234  
[1](#)B. 07 DHAKA 1986

Classified By: A/DCM Danilowicz; reasons 1.4 (b) and (d)

[1](#)1. (U) SUMMARY. The extortion trial against former Prime Minister Sheikh Hasina of the Awami League has again been given the green light, despite delaying tactics on the part of her lawyers. Meanwhile, Anti-Corruption Commission (ACC) prosecutors are putting the finishing touches on charges against another former prime minister, Khaleda Zia of the Bangladesh Nationalist Party (BNP), in a separate corruption probe. Both ladies also are under investigation in a third case involving alleged kickbacks to a Canadian gas exploration company. Continued uncertainty over the fate of these two powerful autocratic leaders is hampering efforts by the Caretaker Government (CTG) to bring lasting democratic reform to Bangladesh's dysfunctional politics. With the clock ticking toward national elections promised by the end of the year, a timely resolution of their fate remains elusive but increasingly necessary. END SUMMARY.

START OF HASINA'S TRIAL FINALLY IN SIGHT, DESPITE DELAYS

[1](#)2. (U) On January 13, Judge Azizul Haq of the Dhaka Metropolitan Sessions Court formally accepted the charges in a corruption case against Sheikh Hasina, paving the way for the oft-delayed trial to begin. Hasina and her cousin, former Health Minister Sheikh Fazlul Karim Selim, are accused of extortion and accepting bribes in the construction of a power plant in the late 1990s. (REFTEL) During an emotional outburst during the hearing, Sheikh Hasina claimed the cases filed against her were false and that she would never have been charged if she had acceded to military demands to leave the country after the Caretaker Government came to power in January 2007. Sheikh Selim tried to retract his confession, claiming he gave it under duress. The judge dismissed both arguments and scheduled testimony to begin January 17.

[1](#)3. (SBU) However, in another bid to delay the start of the trial, Hasina's lawyers convinced the High Court to suspend trial proceedings and to instruct the Government to justify its decision to try the case under the Emergency Power Rules of 2007. Those rules expedite the trial process, requiring the case to be tried within 45 days, with a possible 15-day extension. (NOTE: This is a continuation of

the procedural wrangling between the prosecution and defense that has marked the entire case. END NOTE.) The CTG appealed the High Court's suspension, and the Appeals Court January 24 overturned the suspension, ruling the case should proceed.

#### MEANWHILE, ZIA'S CASE LOOMS AS WELL

4.(U) On September 3, the Anti-Corruption Commission filed a case against BNP leader Khaleda Zia, alleging she violated procurement laws in the selection of a company to process containers at the Dhaka Inland Container Port and the Chittagong Port. The company, Global Agro Trade Company Ltd. (GATCO), which had no previous experience handling this type of work, paid a "commission" to the then-BNP Shipping Minister's son in exchange for his assistance in winning the contract. The ACC alleged that the minister's son, working on inside information from his father, agreed to pay Zia's younger son Arafat "Coco" Rahman half of the "commission" to persuade his mother to influence the deal. ACC prosecutors say that the filing of charges is imminent now that a dispute over whether to charge others in the case has been resolved.

#### BOTH LADIES MAY FACE CHARGES IN A THIRD CASE

15. (SBU) A third case, involving the granting of gas field leases to a Canadian oil and gas exploration firm, continues to percolate as well. Sheikh Hasina approved a deal to grant a gas field concession to the company, Niko Resources Group, during her term as prime minister. Zia's government later granted further concessions to the company and was in office when one of Niko's fields caught fire in

DHAKA 00000114 002 OF 002

2004, causing millions of dollars in damage. Both governments have been accused of receiving kickbacks and "damaging the national interest" in granting Niko the concessions. No charges have been filed in this case and ACC prosecutors do not expect to file charges in the near future.

#### HASINA NERVOUS, ZIA MORE CONFIDENT

16. (C) Shortly after the assassination of former Pakistan Prime Minister Benazir Bhutto on December 27, the Deputy Inspector General (DIG) of Prisons visited Hasina to assure her the Home Ministry was taking extra security measures for her safety. According to the DIG, Hasina became even more agitated and concerned for her safety. People close to Hasina also have said she is becoming less confident she will escape conviction. She fell ill during a hearing in early January and her lawyers asked the CTG to let her seek medical treatment in the United States. Acting Awami League president Zillur Rahman has said, however, that Hasina will not agree to leave Bangladesh if the government insists on attaching any "conditions," including an agreement not to speak to the media, and the request to travel abroad does not seem to have gone anywhere.

17. (C) Zia, meanwhile, is said by some to be more confident of being exonerated. Since her trial has yet to begin, she remains outside the public spotlight, but according to BNP officials who have met with her she does not feel the government has sufficient evidence to convict her in the GATCO case. She continues to insist that the decision to grant GATCO the contract came from the Cabinet's procurement committee and that no prime minister ever rejects its advice.

18. (C) COMMENT: Most observers believe it unlikely the two ladies will be acquitted because the military-backed CTG is afraid their return to active politics would kill its political reform efforts. A conviction is likely to be only the beginning of government efforts to find a way to sideline the two former PMs. With less than a year before scheduled

elections and much yet to do in instituting electoral and political party reform, a timely resolution of the ladies' fate is growing in urgency. While Sheikh Hasina may be feeling less confident about her legal prospects, she can be consoled by her party's much stronger political position than its chief rival's.

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